



**HOUSING AUTHORITY
of the County of Los Angeles**

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**Gloria Molina
Mark Ridley-Thomas
Zev Yaroslavsky
Don Knabe
Michael D. Antonovich**
Commissioners

Sean Rogan
Executive Director

November 5, 2014

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

1-H November 5, 2014

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

Dear Commissioners:

**APPROVE AN AGREEMENT TO NEGOTIATE EXCLUSIVELY WITH OLSON URBAN
HOUSING, LLC FOR THE DISPOSITION, DEVELOPMENT AND SALE OF
13024 SALINAS AVENUE IN UNINCORPORATED WILLOWBROOK
(DISTRICT 2) (3 VOTE)**

SUBJECT

This letter recommends approval of an Agreement to Negotiate Exclusively ("ANE"), presented in substantially final form, between the Housing Authority and Olson Urban Housing, LLC, a Delaware limited liability company, for the Salinas Avenue Homeownership Project, a 9.5 acre development consisting of up to 95 single-family homes, to be located at 13024 Salinas Avenue in unincorporated Willowbrook.

IT IS RECOMMENDED THAT YOUR COMMISSION:

1. Approve an Agreement to Negotiate Exclusively ("ANE") with a 180-day term, presented in substantially final form, between the Housing Authority and Olson Urban Housing, LLC, for the Salinas Avenue Homeownership Project, a 9.5 acre development consisting of up to 95 single-family homes, to be located at 13024 Salinas Avenue in unincorporated Willowbrook.
2. Authorize the Executive Director, or his designee, to negotiate, execute, and, if necessary, amend or terminate the ANE and all related documents with Olson Urban Housing, LLC, following approval as to form by County Counsel.

3. Authorize the Executive Director, or his designee, to extend the term of the ANE for a maximum of two 90-day extensions, if needed.
4. Find that approval of an ANE, as described herein, is not subject to the provisions of the California Environmental Quality Act (CEQA), because the action will not have the potential for causing a significant effect on the environment.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended actions is to authorize the Commission to exclusively negotiate the terms of a Disposition and Development Agreement (DDA) with Olson Urban Housing, LLC for the disposition of a Housing Authority-owned parcel and the development and sale of up to 95 single-family homes on the site.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Housing Authority purchased the 9.5 acre property at 13024 Salinas Avenue in unincorporated Willowbrook ("Site") using City of Industry funds. On January 14, 2005, the Salinas Avenue Residential Homeownership Project Request for Proposals (RFP) was issued to solicit proposals for the development and sale of up to 95 single family homes on the Site. In June 2005, three proposals were evaluated and Olson Urban Housing, LLC was selected.

On August 9, 2005, the Board approved an ANE with Olson Urban Housing, LLC to negotiate a DDA to complete the project. On September 2, 2008, the Board approved a DDA for the development of 94 single family homes in unincorporated Willowbrook. Due to the downturn in the housing market in 2009, further progress on the development was halted by mutual agreement between Olson Urban Housing, LLC and the Housing Authority.

At this time, the housing market has sufficiently recovered to reinstate negotiations to execute a DDA for the development of the project, and Olson Urban Housing, LLC and the Housing Authority are mutually interested in doing so. The Housing Authority now requests authorization to execute an ANE with Olson Urban Housing, LLC, in order to negotiate a DDA to complete the project. On October 15, 2014, the Housing Commission recommended approval of the ANE. Following completion of negotiations with Olson Urban Housing, LLC, the Housing Authority will return with a negotiated DDA for your review and approval.

ENVIRONMENTAL DOCUMENTATION

The action is not a project pursuant to the California Environmental Quality Act (CEQA) because it is an activity that is excluded from the definition of a project by Section 15378 (b) of the State CEQA guidelines. The proposed action is an administrative activity of government which will not result in direct or indirect physical change to the environment.

IMPACT ON CURRENT PROGRAM

The proposed actions will increase homeownership opportunities for lower-income buyers in the County.

Respectfully submitted,



SEAN ROGAN
Executive Director

SR:CC:lk

Enclosures

AGREEMENT TO NEGOTIATE EXCLUSIVELY

by and between

THE HOUSING AUTHORITY

OF THE COUNTY OF LOS ANGELES

and

OLSON URBAN HOUSING, LLC

SALINAS AVENUE HOMEOWNERSHIP PROJECT

AGREEMENT TO NEGOTIATE EXCLUSIVELY

THIS AGREEMENT TO NEGOTIATE EXCLUSIVELY (the "Agreement") is entered into this ____ day of _____, 2014, by and between the HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES, a public body, corporate and politic (the "Housing Authority"), and OLSON URBAN HOUSING, LLC, a Delaware limited liability company (the "Developer"), on the terms and conditions set forth below. The Housing Authority and the Developer are sometimes referred to collectively herein as the "Parties" and each individually as a "Party."

RECITALS

- A. WHEREAS, the Housing Authority issued a Request for Proposals ("RFP") on January 14, 2005, for the development of certain real property located at 13024 Salinas Avenue (the "Site") in the unincorporated Willowbrook area of the County of Los Angeles and in response to the RFP the Developer was selected to receive an Exclusive Right to Negotiate ("ERN") in accordance with the RFP's requirements.
- B. WHEREAS, on August 9, 2005, following approval by the Housing Commission in July 2005, your Board approved an ERN with Olson Urban Housing, LLC to negotiate a DDA to complete the project.
- C. WHEREAS, said ERN was executed on October 31, 2005, but the project was suspended by mutual consent due to the impact of the economic environment on the for-sale housing market.
- D. WHEREAS, the Housing Authority now seeks to move forward with the development of the Site with the Developer and desires to enter into a new Agreement to Negotiate Exclusively ("Agreement") for the purpose of negotiating the terms of, and preparing a Disposition and Development Agreement ("DDA").

NOW, THEREFORE, the Parties agree to negotiate exclusively and in good faith to enter into a DDA upon the following terms and conditions:

[100] Duration of this Agreement

The Parties agree to negotiate in good faith for a period of one hundred and eighty (180) days from the date first above written, plus a maximum of two 90-day extensions, if mutually agreed to by the Executive Director of the Housing Authority and the Developer ("Negotiation Period"). If, upon expiration of the Negotiation Period, the Developer has not signed and submitted a Disposition and Development Agreement (DDA) satisfactory to the Housing Authority, this Agreement shall automatically terminate. The Board of Commissioners of the Housing Authority of the County of Los Angeles ("Board of

Commissioners”) has authorized the extension of this Agreement at the discretion of the Executive Director of the Housing Authority.

[200] Good Faith Negotiations

The Housing Authority and the Developer agree during the Negotiation Period set forth above to negotiate diligently and in good faith to prepare the DDA for execution by the Developer and for submission and approval by the Board of Commissioners, in the manner set forth herein with respect to the development as referenced in Section 300 herein (the “Scope of Development”). The Housing Authority agrees, for the Negotiation Period, not to negotiate with any other person or entity regarding development or transfer of the Site. During the term of this Agreement, the Housing Authority shall keep confidential all information, plans, projections, and reports provided to the Housing Authority by the Developer in connection with the review, evaluation, and development of the Site and shall not disclose any such material to any third party, except to the extent required by law, without the express written consent of the Developer.

In the event at any time during the Negotiation Period the Developer does not negotiate diligently and in good faith as determined by the Housing Authority in its reasonable discretion, the Authority shall give written notice thereof to the Developer who shall then have thirty (30) business days to negotiate in good faith to the satisfaction of the Housing Authority. Following the receipt of such notice and the failure of the Developer to thereafter negotiate in good faith within said thirty (30) business days, this Agreement may be terminated upon written notice by the Executive Director of the Housing Authority.

Except as provided in the preceding paragraph, upon termination of this Agreement on or before the expiration of the Negotiation Period (which may include any authorized extension of the original 180-day period), neither party shall have any further rights against or liability to the other under this Agreement.

If a DDA is approved and executed by the Housing Authority and the Developer, the DDA shall thereafter govern the rights and obligations of the parties with respect to the Development and shall supersede this Agreement.

[300] Scope of Development

The negotiations between the Developer and the Housing Authority shall be for the disposition, construction and sale of the Development that was proposed by the Developer. The Developer Proposal is incorporated into this Agreement by reference, as though fully set forth herein.

[400] Intentionally Left Blank

[500] The Developer

Olson Urban Housing, LLC is a limited liability company of The Olson Company, with 26 years of experience assisting cities throughout California with solving the critical shortage of affordable housing in urban areas.

[501] Nature of the Developer

The Developer is a Delaware limited liability company.

[502] Office of the Developer

The principal office of the Developer is:
Olson Urban Housing, LLC, c/o The Olson Company
3020 Old Ranch Parkway, Suite 400
Seal Beach, CA 90740
ATTENTION: Todd Olson, President

[503] Full Disclosure

The Developer shall make full disclosure to the Housing Authority of its principals, board members, major partners, joint venture partners, key managerial employees and other associates (collectively, "principals"), and all other material information concerning the Development, including education, experience, and qualifications of Developer and its principals whose identities, development experience, and qualifications are of great importance to the Housing Authority and are the basis for the Housing Authority to enter into this Agreement.

Any change of the principals of the Developer directly involved with the development of the Site, with the exception of board members, must be approved by the Housing Authority in its sole discretion during the term of this Agreement.

[600] Developer Financial Capacity and Financial Ability

Prior to approval and execution of the DDA by the Developer and the Housing Authority, the Developer shall submit to the Housing Authority evidence of its ability to finance the construction of the Development to the satisfaction of the Housing Authority in its sole and reasonable discretion.

[700] Developer Pre-development Activities

During the Negotiation Period, the Developer will conduct due diligence activities that may include, but are not limited to, an appraisal, market study, Phase 1 and Phase 2 environmental investigation, as well as financial and legal consultations.

[701] Public Participation

During the Negotiation Period, the Developer must hold public meetings to obtain public comment on the proposed Development and be prepared to report on and respond to questions and comments by the Housing Authority.

[702] Developer's Findings, Determinations, Studies and Reports

Upon reasonable notice, as requested by the Housing Authority in its sole discretion, the Developer shall provide written progress reports to the Housing Authority on any matters, including plans and studies related to the Development.

[800] Reserved

[801] Office of the Housing Authority of the County of Los Angeles

Housing Authority of the County of Los Angeles
700 West Main Street
Alhambra, CA 91801
ATTENTION: Cordé Carrillo, Director
Economic and Housing Development Division

The Director of the Economic and Housing Development Division is the Housing Authority's authorized representative to administer and implement this Agreement, subject to any appropriate approvals of the Executive Director of the Housing Authority and Board of Commissioners.

[900] Authority Assistance

The Housing Authority will assist the Developer by providing appropriate information for the completion of the DDA, as the Housing Authority determines in its sole discretion.

[1000] Limitations of this Agreement

This Agreement does not constitute a commitment of any kind by the Housing Authority regarding the sale, transfer, or development of all or any part of the Site. Execution of this Agreement by the Housing Authority is merely an agreement to enter into a period of exclusive negotiations according to the terms hereof, reserving final discretion and approval by the Board of Commissioners as to any DDA and all proceedings and decisions in connection therewith.

(Signature Page to Follow)

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date and year first above written.

HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

a public body, corporate and politic

OLSON URBAN HOUSING, LLC
a Delaware limited liability company

By: The Olson Company, a California corporation

Its: Managing member

SEAN ROGAN, Executive Director

TODD OLSON, Senior Vice President

APPROVED AS TO FORM:
MARK D. SALADINO, County Counsel

BEHNAZ TASHAKORIAN, Deputy